

Tab A-5

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature X State Mail Services <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Receipt (Print Name) <i>John Doe</i> C. Date of Delivery MAY 10 2004 D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:	
1. Article Addressed to: Pharmacy Director Medicaid Services Bureau Dept. of Public Health P.O. Box 202951, 1400 Broadway Helena, Montana 59620		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) 7002 2410 0004 4240 1995			
PS Form 3817, August 2001		Domestic Return Receipt PS Form 3817, August 2001	

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
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Total Pharmacy Director Medicaid Services Bureau Dept. of Public Health P.O. Box 202951, 1400 Broadway Helena, Montana 59620	
PS Form 3800, June 2002 See Reverse for Instructions	

CONFIDENTIAL

BAY-MT000383

Bayer HealthCare Pharmaceuticals



Paul R. Berry
Vice President,
General Counsel and Secretary
Law & Patents

April 30, 2004

Nicole C. Hall, Esq.
Senior Counsel
Office of Counsel to the Inspector General
Specification Procedure
U.S. Department of Health & Human Services
Cohen Building, Room 5527
330 Independence Ave., S.W.
Washington, D.C. 20201

Mr. Joseph Palermo
First DataBank Inc.
111 Bayhill Drive
San Bruno, CA 94066

Re: Report of Average Sale Price – 1st Quarter 2004

Bayer Pharmaceuticals
Corporation
400 Morgan Lane
West Haven, CT 06516

Phone: 203 812-6081
Fax: 203 812-2795
paul.berry.b@bayer.com

In conformance with: (a) the terms of the Corporate Integrity Agreement (the "CIA") entered into January 23, 2001 between Bayer Corporation¹ ("Bayer") and the Office of the Inspector General of the United States Department of Health and Human Services ("OIG"); and (b) the State Settlement Agreement entered into August 6, 2001 among Bayer Corporation ("Bayer") and the forty-five states, plus the District of Columbia, specified on attachment hereto, Bayer submits the following:

1. Report of Average Sale Price for the first quarter 2004 (Section III(D)(2)(b)). This information is also included on the enclosed diskette.
2. A detailed description of the methodology used to calculate the Average Sale Price (Section III (D)(2)(c)) certified by a high managerial agent of Bayer Pharmaceuticals Corporation and the Biological Products Division of Bayer HealthCare, LLC.

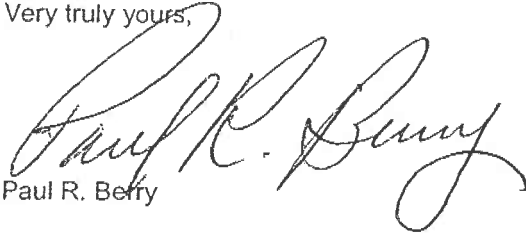
We wish to stress that this report of Average Sale Price arises from the above-referenced settlement. It is not intended to set reimbursement rates and is not a substitute for the reporting of Average Wholesale Price (AWP), Average Manufacturers Price (AMP) and/or Best Price (BP).

¹ "On January 1, 2003, Bayer Corporation was reorganized. The business, assets and operations of the unincorporated division of Bayer Corporation known as Bayer Pharmaceuticals became a stand alone business operated through Bayer Pharmaceuticals Corporation, a Delaware corporation, a newly formed subsidiary of Bayer Corporation. The business, assets and operations of the unincorporated division of Bayer Corporation known as Bayer Biological Products became a stand alone business operated through Bayer HealthCare LLC, a Delaware limited liability company, a newly formed subsidiary of Bayer Corporation."

Page 2
April 30, 2004

Please contact Mr. Jeffrey Greenman (203-812-2037) or me (203-812-6081)
if you have any questions.

Very truly yours,

A handwritten signature in cursive script, reading "Paul R. Berry". The signature is written in dark ink and is positioned above the printed name.

Paul R. Berry

ep
Enclosures

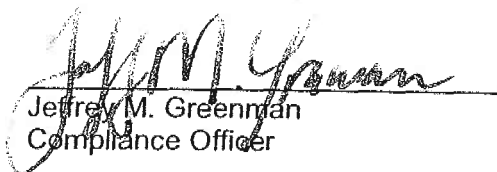
cc: Attached List

CERTIFICATION

The undersigned, a high managerial agent of Bayer Pharmaceuticals Corporation and the Biological Products Division of Bayer HealthCare, LLC, hereby certifies that the attached Average Sale Price information has been communicated to First DataBank and to the State Medicaid programs listed on the attached and that it has been calculated in accordance with the methodology described herein. I further acknowledge that the Average Sale Prices so reported will be filed with the State Medicaid programs identified below.

State Medicaid Programs:

Per attached list.


Jeffrey M. Greenman
Compliance Officer


Date

certification_1st quarter 2004

CONFIDENTIAL

BAY-MT000389

Pharmacy Director
Alabama Medicaid Agency
501 Dexter Avenue
Montgomery, Alabama 36104

Pharmacy Director
Division of Medical Assistance
4501 Business Park Blvd.
Suite 24
Anchorage, Alaska 99503

Pharmacy Director
DOHS, Div. Of Med. Services
P.O. Box 1437
Slot 4105
Little Rock, Arkansas 72203-4105

Roberto Martinez, Chief
Medical Policy Division
714 P Street
Room 1216
Sacramento, California 95814

Pharmacy Director
Colorado Healthcare Policy & Financing
1575 Sherman Street
5th Floor
Denver, Colorado 80203

James Wietrak
Director of Quality Assurance
Connecticut Department of Social Serv.
25 Sigourney Street
Hartford, CT 06106

Pharmacy Director
EDS
248 Chapman Rd.
Suite 200, Bristol Building
Newark, Delaware 19702

Pharmacy Director
Agency for Health Care Administration
2727 Mahan Drive
Mail Stop 38
Tallahassee, Florida 32308

Pharmacy Director
Department of Medical Assistance
2 Peachtree Street
37th Floor
Atlanta, Georgia 30303

Pharmacy Director
Department of Human Services
P.O. Box 339
Honolulu, Hawaii 96809-0339

Ms. Jackie Garner
Director
Illinois Department of Public Aid
201 South Grand Avenue, 3rd Floor
Springfield, IL 62763

Pharmacy Director
Indiana State Government Center
402 W. Washington St.
Room W-382
Indianapolis, Indiana 46204

Pharmacy Director
Department of Human Services
Hoover State Office Building
Division of Medical Services
Des Moines, Iowa 50319

Pharmacy Director
Division of Medical Services
915 Harrison Street
Docking Building, Rm 628
Topeka, Kansas 66612-1570

Pharmacy Director
Department of Medicaid Services
275 East Main Street
Frankfort, Kentucky 40621

Pharmacy Director
Bureau of Health Services Financing
6080 Esplanade Avenue
Baton Rouge, Louisiana 70806

Pharmacy Director
MAINE Bureau of Medical Services
11 State House Station
Augusta, Maine 04333

Deputy Director
Program Operation
SS-18
201 W. Preston Street
Baltimore, Maryland 21201

Pharmacy Director
Division of Medical Assistance
600 Washington Street
5th Floor
Boston, Massachusetts 02111

Pharmacy Director
Medical Service Administration
400 South Pine Street
Lansing, Michigan 48909

Pharmacy Director
Department of Human Services
444 Lafayette Rd. N.
St. Paul, Minnesota 55155

Pharmacy Director
Medicaid Division
239 North Lamar
Suite 801
Jackson, Mississippi 39211

Pharmacy Director
Division of Medical Services
3411 B Knipp
Jefferson City, Missouri 65109

Pharmacy Director
Medicaid Services Bureau
Dept. of Public Health
P.O. Box 202951, 1400 Broadway
Helena, Montana 59620

Pharmacy Director
Nevada Medicaid Office
1100 East William Street, Suite 101
Carson City, Nevada 89701

Pharmacy Director
Medicaid Administration Bureau
6 Hazen Drive
Concord, New Hampshire 03301

Pharmacy Director
Div. Medical & Assistance Health Serv.
P.O. Box 712
Trenton, New Jersey 08625-0712

Pharmacy Director
Med. Assistance Div. Drug Program
P.O. Box 2348
Santa Fe, New Mexico 87504-2348

Carl Cioppa
Bureau of Program Guidance
99 Washington Avenue, Suite 606
Albany, New York 12210-2806

Pharmacy Director
DOHR, Div. Of Medical Assistance
1985 Umstead Drive
Raleigh, North Carolina 27603

CONFIDENTIAL

BAY-MT000390

Pharmacy Director
State Medicaid Office
30 East Broad Street
Columbus, Ohio 43266-0423

Pharmacy Director
Oklahoma Health Care Authority
4545 N. Lincoln Boulevard
Suite 124
Oklahoma City, Oklahoma 73105

Pharmacy Director
OMAR-PPU
HRB
500 Summer St. NE
Salem, Oregon 97310

Pharmacy Director
Pharmacy Services Section
P.O. Box 8046
Harrisburg, Pennsylvania 17105

Pharmacy Director
Department of Human Services
600 New London Avenue
Cranston, Rhode Island 02920

Pharmacy Director
Department of Health & Human
Services
1801 Main Street, Suite 1226
Columbia, South Carolina 29201

Pharmacy Director
Department of Social Services
700 Governor's Drive
Pierre, South Dakota 57501-2291

Pharmacy Director
Texas Department of Health
Bureau of Vendor Drugs
Mail Code Y915, 1100 W. 49th St.
Austin, Texas 78756-3174

Craig Jackson
Director of Pharmacy Board
160 East 300 South, 4th Floor
P.O. Box 146741
Salt Lake City, Utah 84114-6741

Pharmacy Director
Vermont Medicaid Division
103 South Main Street
Waterbury, Vermont 05676

Pharmacy Director
Department of Medical Assistance
600 East Broad Street
Suite 1300
Richmond, Virginia 23219

Pharmacy Director
Medical Assistance Administration
805 Plum Street
Olympia, Washington 98504-5506

Pharmacy Director
DOH & Hr, Bureau for Medical Services
350 Capitol Street
Room 251
Charleston, West Virginia 25301

Pharmacy Director
Division of Health Care Financing
P.O. Box 309
Madison, Wisconsin 53701-0309

Pharmacy Director
Division of Health Care Financing
2300 Capital Avenue
154 Hathaway Building
Cheyenne, Wyoming 82002

Washington Medical Assistance
Administration
825 North Capitol Street, N.E.
5th Floor
Washington, DC 20002

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BAY-MT000391

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Sent To: Pharmacy Director
 Medicaid Services Bureau
 Dept. of Public Health
 P.O. Box 202951, 1400 Broadway
 Helena, Montana 59620

Street, Apt. or PO Box #
 City, State

PS Form 3800, June 2002 See Reverse for Instructions

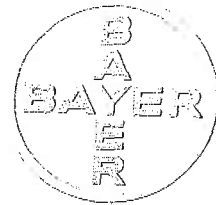
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery MAY 01 2005</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Pharmacy Director Medicaid Services Bureau Dept. of Public Health P.O. Box 202951, 1400 Broadway Helena, Montana 59620</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

7002 2410 0004 4240 4200

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1549

CONFIDENTIAL

BAY-MT000493



April 28, 2005

Nicole C. Hall, Esq.
Senior Counsel
Office of Counsel to the
Inspector General
Specification Procedure
U.S. Department of Health &
Human Services
Gateway Tower West
15 West South Temple
Suite 890
Salt Lake City, Utah 84101

Robert J. Hawley, Esq.
The Hearst Corporation
Office of General Counsel
959 Eighth Avenue
New York, New York 10019

Bayer Pharmaceuticals
Corporation
400 Morgan Lane
West Haven, CT 06516

Phone: 203 812-6081
Fax: 203 812-2795
paul.berry.b@bayer.com

Re: Report of Average Sale Price – **1st Quarter 2005**

In conformance with: (a) the terms of the Corporate Integrity Agreement (the "CIA") entered into January 23, 2001 between Bayer Corporation¹ ("Bayer") and the Office of the Inspector General of the United States Department of Health and Human Services ("OIG"); and (b) the State Settlement Agreement entered into August 6, 2001 among Bayer Corporation ("Bayer") and the forty-five states, plus the District of Columbia, specified on attachment hereto,
Bayer submits the following:

1. Report of Average Sale Price for the first quarter 2005 (Section III(D)(2)(b)). This information is also included on the enclosed diskette.

¹ "On January 1, 2003, Bayer Corporation was reorganized. The business, assets and operations of the unincorporated division of Bayer Corporation known as Bayer Pharmaceuticals became a stand alone business operated through Bayer Pharmaceuticals Corporation, a Delaware corporation, a newly formed subsidiary of Bayer Corporation. The business, assets and operations of the unincorporated division of Bayer Corporation known as Bayer Biological Products became a stand alone business operated through Bayer HealthCare LLC, a Delaware limited liability company, a newly formed subsidiary of Bayer Corporation."

CONFIDENTIAL

BAY-MT000494

Page 2
April 28, 2005

2. An assumption document detailing the methodology employed by Bayer to calculate the Average Sale Price (Section III (D)(2)(c)) certified by a high managerial agent of Bayer Pharmaceuticals Corporation and the Biological Products Division of Bayer HealthCare, LLC.

The CIA was amended in July 2004 to provide that the "average sale price" will have the meaning of and will be calculated in accordance with the Average Sales Price as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("MMA"). Under the MMA, for the purposes of the Medicare Average Sales Price calculation, "unit" is the product represented by the 11-digit NDC (and not the smallest unit of measure used by Medicaid). However, CMS has advised that, for clotting factor products that are sold by strength (e.g., Koate, Kogenate), ASP should be reported in units of "IUs," the same as used for Medicaid reporting. The ASP values herein are reported by units as defined in the MMA and interpreted by CMS and accordingly will, in most cases, differ from the values previously reported by Bayer in its ASP reports (which were based on units as defined by Medicaid).

As previously advised, on October 1, 2004, Bayer transferred all responsibility for commercialization of a number of its primary care pharmaceutical products to Schering Plough (Transferred Products). A list of these products is attached. Between October 1 and December 31, 2004, these Transferred Products were sold under Bayer's NDCs and were reported in Bayer's 4Q2004 report. As a result of this transaction, as of January 1, 2005, Bayer no longer sells the Transferred Products. Therefore, beginning with 1Q2005, Bayer has no sales upon which to calculate a new ASP and these products will be removed from this and future reports.

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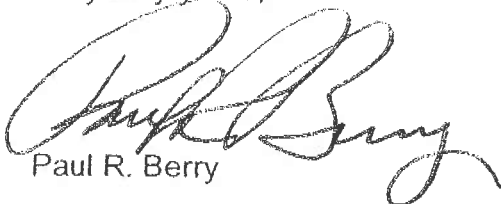
BAY-MT000495

Page 3
April 28, 2005

We wish to stress that this report of Average Sale Price arises from the above-referenced settlement. It is not intended to set reimbursement rates and is not a substitute for the reporting of Average Wholesale Price (AWP), Average Manufacturers Price (AMP) and/or Best Price (BP).

Please contact Mr. Jeffrey Greenman (203-812-2037) or me (203-812-6081) if you have any questions.

Very truly yours,



Paul R. Berry

kf
Enclosures

cc: Attached List

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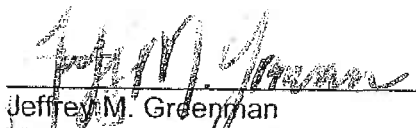
BAY-MT000496

CERTIFICATION

The undersigned, a high managerial agent of Bayer Pharmaceuticals Corporation and the Biological Products Division of Bayer HealthCare, LLC, hereby certifies that the attached average sale price information has been communicated to First DataBank (an operating unit of The Hearst Corporation) and to the State Medicaid programs listed on the attached and that it has been calculated in accordance with the requirements of the Medicare Prescription Drug, Improvement, and Modernization Act of 2004, as they may be refined by the Secretary of the Department of Health and Human Services through regulations or written directives. I further acknowledge that the average sale prices so reported will be filed with the State Medicaid programs identified below.

State Medicaid Programs:

Per attached list.



Jeffrey M. Greenman
Vice President and Compliance Officer



Date

CONFIDENTIAL

BAY-MT000506

Pharmacy Director
Alabama Medicaid Agency
501 Dexter Avenue
Montgomery, Alabama 36104

Pharmacy Director
Division of Medical Assistance
4501 Business Park Blvd.
Suite 24
Anchorage, Alaska 99503

Pharmacy Director
DOHS, Div. Of Med. Services
P.O. Box 1437
Slot 4105
Little Rock, Arkansas 72203-4105

Paul Pontrelli, Pharm. D
California Dept of Health Services
Medi-Cal Policy Division
1501 Capitol Ave, Suite 71.3041
Sacramento, CA 95899-7413

Pharmacy Director
Colorado Healthcare Policy & Financing
1575 Sherman Street
5th Floor
Denver, Colorado 80203

James Wietrak
Director of Quality Assurance
Connecticut Department of Social Serv.
25 Sigourney Street
Hartford, CT 06106

Pharmacy Director
EDS
248 Chapman Rd.
Suite 200, Bristol Building
Newark, Delaware 19702

Pharmacy Director
Agency for Health Care Administration
2727 Mahan Drive
Mail Stop 38
Tallahassee, Florida 32308

Pharmacy Director
Department of Medical Assistance
2 Peachtree Street
37th Floor
Atlanta, Georgia 30303

Pharmacy Director
Department of Human Services
P.O. Box 339
Honolulu, Hawaii 96809-0339

Ms. Jackie Garner
Director
Illinois Department of Public Aid
201 South Grand Avenue, 3rd Floor
Springfield, IL 62763

Pharmacy Director
Indiana State Government Center
402 W. Washington St.
Room W-382
Indianapolis, Indiana 46204

Pharmacy Director
Department of Human Services
Hoover State Office Building
Division of Medical Services
Des Moines, Iowa 50319

Pharmacy Director
Division of Medical Services
915 Harrison Street
Docking Building, Rm 628
Topeka, Kansas 66612-1570

Pharmacy Director
Department of Medicaid Services
275 East Main Street
Frankfort, Kentucky 40621

M.J.Terrebonne
Medicaid Director
PO Box 91030
Baton Rouge, Louisiana 70821

Pharmacy Director
MAINE Bureau of Medical Services
11 State House Station
Augusta, Maine 04333

Deputy Director
Program Operation
SS-18
201 W. Preston Street
Baltimore, Maryland 21201

Pharmacy Director
Division of Medical Assistance
600 Washington Street
5th Floor
Boston, Massachusetts 02111

Pharmacy Director
Medical Service Administration
400 South Pine Street
Lansing, Michigan 48909

Pharmacy Director
Department of Human Services
444 Lafayette Rd. N.
St. Paul, Minnesota 55155

Pharmacy Director
Medicaid Division
239 North Lamar
Suite 801
Jackson, Mississippi 39211

Pharmacy Director
Division of Medical Services
3411 B Knipp
Jefferson City, Missouri 65109

Pharmacy Director
Medicaid Services Bureau
Dept. of Public Health
P.O. Box 202951, 1400 Broadway
Helena, Montana 59620

Pharmacy Director
Nevada Medicaid Office
1100 East William Street, Suite 101
Carson City, Nevada 89701

Pharmacy Director
Medicaid Administration Bureau
6 Hazen Drive
Concord, New Hampshire 03301

Pharmacy Director
Div. Medical & Assistance Health Serv.
P.O. Box 712
Trenton, New Jersey 08625-0712

Pharmacy Director
Med. Assistance Div. Drug Program
P.O. Box 2348
Sante Fe, New Mexico 87504-2348

Carl Cioppa
Bureau of Program Guidance
99 Washington Avenue, Suite 606
Albany, New York 12210-2806

Pharmacy Director
DOHR, Div. Of Medical Assistance
1985 Umstead Drive
Raleigh, North Carolina 27603

Pharmacy Director
State Medicaid Office
30 East Broad Street
Columbus, Ohio 43266-0423

Pharmacy Director
Oklahoma Health Care Authority
4545 N. Lincoln Boulevard
Suite 124
Oklahoma City, Oklahoma 73105

Pharmacy Director
OMAR-PPU
HRB
500 Summer St. NE
Salem, Oregon 97310

Pharmacy Director
Pharmacy Services Section
P.O. Box 8046
Harrisburg, Pennsylvania 17105

Pharmacy Director
Department of Human Services
600 New London Avenue
Cranston, Rhode Island 02920

Pharmacy Director
Department of Health & Human
Services
1801 Main Street, Suite 1226
Columbia, South Carolina 29201

Pharmacy Director
Department of Social Services
700 Governor's Drive
Pierre, South Dakota 57501-2291

Pharmacy Director
Texas Department of Health
Bureau of Vendor Drugs
Mail Code Y915, 1100 W. 49th St.
Austin, Texas 78756-3174

Craig Jackson
Director of Pharmacy Board
160 East 300 South, 4th Floor
P.O. Box 146741
Salt Lake City, Utah 84114-6741

Pharmacy Director
Vermont Medicaid Division
103 South Main Street
Waterbury, Vermont 05676

Pharmacy Director
Department of Medical Assistance
600 East Broad Street
Suite 1300
Richmond, Virginia 23219

Pharmacy Director
Medical Assistance Administration
805 Plum Street
Olympia, Washington 98504-5506

Pharmacy Director
DOH & Hr, Bureau for Medical Services
350 Capitol Street
Room 251
Charleston, West Virginia 25301

Pharmacy Director
Division of Health Care Financing
P.O. Box 309
Madison, Wisconsin 53701-0309

Pharmacy Director
Division of Health Care Financing
2300 Capital Avenue
154 Hathaway Building
Cheyenne, Wyoming 82002

Washington Medical Assistance
Administration
825 North Capitol Street, N.E.
5th Floor
Washington, DC 20002

CONFIDENTIAL

BAY-MT000499

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Pharmacy Director
 Medicaid Services Bureau
 Dept. of Public Health
 P.O. Box 202951, 1400 Broadway
 Helena, Montana 59620

2. Article Number
 (Transfer from service label)

7005 1820 0000 0970 5286

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

11 11 04

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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Certified Fee

Return Receipt Fee
(Endorsement Required)Restricted Delivery Fee
(Endorsement Required)

Total

Postmark
Here

Sent To

Street

or P.O.

City, S

Pharmacy Director
 Medicaid Services Bureau
 Dept. of Public Health
 P.O. Box 202951, 1400 Broadway
 Helena, Montana 59620

PS Form 3800, June 2002

See Reverse for Instructions

Bayer



Jeffrey M. Greenman, Esq.
Vice President and
Compliance Officer

October 27, 2006

Robert J. Hawley, Esq.
The Hearst Corporation
Office of General Counsel
959 Eighth Avenue
New York, New York 10019

Re: Report of Average Sale Price – 3rd Quarter 2006

In conformance with the State Settlement Agreement entered into August 6, 2001 among Bayer Corporation¹ ("Bayer") and the forty-five states, plus the District of Columbia, specified on attachment hereto, Bayer submits the following:

Bayer HealthCare LLC
400 Morgan Lane
West Haven, CT 06516

Phone: 203 812-2037
Fax: 203 812-5492
jeffrey.greenman.b@bayer.com

1. Report of Average Sale Price for the third quarter 2006. This information is also included on the enclosed diskette.
2. An assumptions document detailing the methodology employed by Bayer to calculate the Average Sale Price; and
3. A certification by a high managerial agent of Bayer Pharmaceuticals Corporation and the Biological Products Division of Bayer HealthCare, LLC.

We wish to stress that this report of Average Sale Price arises from the above-referenced settlement. It is not intended to set reimbursement rates and is not a substitute for the reporting of Average Wholesale Price (AWP), Average Manufacturers Price (AMP) and/or Best Price (BP).

¹ "On January 1, 2003, Bayer Corporation was reorganized. The business, assets and operations of the unincorporated division of Bayer Corporation known as Bayer Pharmaceuticals became a stand alone business operated through Bayer Pharmaceuticals Corporation, a Delaware corporation, a newly formed subsidiary of Bayer Corporation. The business, assets and operations of the unincorporated division of Bayer Corporation known as Bayer Biological Products became a stand alone business operated through Bayer HealthCare LLC, a Delaware limited liability company, a newly formed subsidiary of Bayer Corporation."

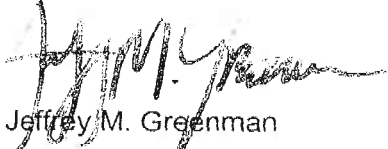
Page 2

Bayer's obligation to report Average Sales Price pursuant to the terms of the Corporate Integrity Agreement entered into January 23, 2001 between Bayer and the Office of Inspector General of the United States Department of Health and Human Services ("OIG") expired on January 23, 2006. A copy of this transmittal letter is being provided to the OIG for informational purposes.

In addition, we wish to note that the period covered by Bayer's obligation to report Average Sales Price pursuant to the State Settlement Agreement expired August 6, 2006. For ease of reporting, however, Bayer provided Average Sales Price for the full Q306.

Please contact me if you have any questions.

Very truly yours,



Jeffrey M. Greenman

JMG/kf
Enclosures

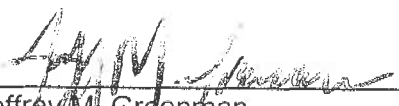
cc: Nicole C. Hall, Esq. (OIG)
Attached List

CERTIFICATION

The undersigned, a high managerial agent of Bayer Pharmaceuticals Corporation and the Biological Products Division of Bayer HealthCare, LLC, hereby certifies that the attached average sale price information has been communicated to First DataBank (an operating unit of The Hearst Corporation) and to the State Medicaid programs listed on the attached and that it has been calculated in accordance with the requirements of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, as they may be refined by the Secretary of the Department of Health and Human Services through regulations or written directives. I further acknowledge that the average sale prices so reported will be filed with the State Medicaid programs identified below.

State Medicaid Programs:

Per attached list.



Jeffrey M. Greenman
Vice President and Compliance Officer



Date

Pharmacy Director
Alabama Medicaid Agency
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